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Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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(a) United Nations (*continued*)

The meeting was called to order at 10 a.m.

Agenda item 122: Financing of the United Nations peacekeeping forces in the Middle East (*continued*)

(a) United Nations Disengagement Observer Force (*continued*) (A/53/779 and Corr. 1 and Add.1 and A/53/895 and Add.1)

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(a) Financing of the United Nations peacekeeping operations (*continued*)

Support Account (*continued*) (A/53/418, A/53/854 and Add.1 and A/53/901; A/C.5/53/60)

United Nations Logistics Base at Brindisi (*continued*) (A/52/858; A/53/776, A/53/815 and A/53/895 and Add. 8; A/C.5/53/60)

Agenda item 111: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*)

(a) United Nations (*continued*)

Peacekeeping operations (*continued*) (A/53/5 (Vol. II), A/53/932 and A/53/940)

1. **Ms. Schutt** (Germany), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia and, in addition, Iceland and Norway, said that the cost-benefit analysis submitted by the Secretary-General in his report (A/52/858) confirmed that the United Nations Logistics Base at Brindisi was

contributing to a more economical use of United Nations resources. She noted that the Advisory Committee on Administrative and Budgetary Questions concurred with that conclusion in its report (A/53/895/Add.8). The European Union concurred also with the conclusion of the Advisory Committee contained in paragraph 33 of the report that the Base was currently performing good work for the United Nations by maintaining two mission start-up kits in a state of readiness and by providing asset management services and communications support. The European Union was particularly pleased with the effective and timely clearance of the backlog inventory, and welcomed the fact that a single database for the field asset control system had been in place since October 1998 and that measures had been taken to ensure that future backlogs would be avoided.

2. The European Union believed that for the Base there were three key areas which the Secretariat should address as a priority. First, it concurred with the Advisory Committee's conclusion that the fullest attention should be given to inventory management, a key function of the Base. Second, it endorsed the Advisory Committee's recommendation that the Secretary-General should clearly indicate in the next budget submission the resource requirements needed for the Base to carry out its basic functions. Third, it was convinced that the long-term viability of the Base could and should be further improved and encouraged the Secretary-General to take additional steps towards making wider use of the Base by offering its services, on a cost-sharing basis, to the specialized agencies, funds and programmes. In that connection, she requested further updated information from the Secretariat concerning the possibility of increasing the Base's potential for training and communications.

3. She concurred with the Advisory Committee's recommendation that the Secretary-General's budget proposals for the Base should be approved.

4. **Mr. Hughes** (New Zealand) speaking on behalf of the delegations of Australia, Canada and New Zealand (CANZ), said that commendable improvements had been made in the peacekeeping budgets for 1999–2000: the use of budget techniques that placed more emphasis on actual field experience rather than standard or notional costings had led to significant reductions in the 1999–2000 estimates and should lead to a decrease in the large unencumbered balances characteristic of recent peacekeeping budgets.

5. Under the principle of full budgeting, both income and expenditure projections should be disclosed; as was done for the regular budget, miscellaneous income estimates should be included in the 2000–2001 peacekeeping budgets.

6. The CANZ delegations were concerned about the high level of unliquidated obligations, specifically the $97.4 million in questionable unliquidated obligations and $51.9 million in uncleared inter-office vouchers referred to in paragraphs 25 to 29 of the report of the Board of Auditors. The CANZ delegations would have expected any questions surrounding such material amounts to have been settled and appropriate adjustments made to the financial statements before the accounts were submitted to Member States: the problem of unliquidated obligations was not new, had been the subject of critical comment by the Board of Auditors and the Advisory Committee in the past and had a direct impact on the funds due to Member States whether as troop contributors or as recipients of credits. Immediate steps should be taken to ensure that unliquidated obligations and uncleared inter-office vouchers were regularly reviewed and their overall level significantly reduced.

7. The CANZ delegations had concluded from the report of the Board of Auditors that the management structures of peacekeeping operations were cumbersome, and encouraged the Secretariat to set up a more appropriate structure both within missions and between missions and Headquarters to promote more efficient use of resources by ensuring clearer lines of authority and accountability. The report indicated also that administrative procedures were excessively complex and were possibly unsuitable for peacekeeping operations, and the CANZ delegations therefore suggested that the Board in its next report should identify areas where efficiency could be enhanced by better, more streamlined procedures. In that connection, they noted that benefits had accrued from increased delegation of authority for missions undergoing liquidation and believed there was scope for a general increase in delegation of authority to the field.

8. The CANZ delegations welcomed the progress made in implementation of General Assembly resolution 53/12 in respect of the support account for peacekeeping operations. However, although the current budget year was a transitional one for the Department of Peacekeeping Operations, with the phasing out of type II gratis personnel, they nevertheless expected that the critical evaluation called for by the Advisory Committee in paragraph 22 of its report on the support account (A/53/901) would be conducted in 1999 and reflected in reduced requirements for 2000–2001 as the tasks still outstanding in respect of completed and closed peacekeeping operations were accomplished. Also, they trusted that the overdue final performance reports on the United Nations Assistance Mission for Rwanda (UNAMIR), the United Nations Mission in Haiti (UNMIH), the United Nations Operation in Somalia (UNOSOM) and the United Nations Peace Forces (UNPF) would be issued for

consideration by the Fifth Committee at the next session of the General Assembly.

9. The CANZ delegations welcomed the Secretary-General's request for an additional 406 support account posts in view of the possibility that several new peacekeeping operations would be required, and noted that the Advisory Committee had agreed that the six posts for the Rapidly Deployable Mission Headquarters were needed. In that connection the CANZ delegations believed that the Rapidly Deployable Mission Headquarters must be made operational by securing its full establishment, including the full establishment of the requisite military positions.

10. The CANZ delegations were concerned by the lack of any timetable for the introduction of the Integrated Management Information System (IMIS) for United Nations operations in the field. The lack of connectivity between the field and Headquarters resulted in inefficient double handling of data and meant that neither Headquarters nor peacekeeping missions had real-time expenditure information to help them manage their resources and budgets. IMIS should be introduced to the field as a matter of urgency.

11. He endorsed the opinion expressed by the Advisory Committee in paragraph 14 of its report on the United Nations Disengagement Observer Force (UNDOF) (A/53/895/Add.1) that the net balance of $13.6 million in the suspense account should be credited back to Member States. He noted also that in statement XXX in its report the Board of Auditors had stated that the United Nations Transition Assistance Group (UNTAG) account contained over $20 million in cash with only $2.8 million in liabilities, of which $2.2 million was due to the Peacekeeping Reserve Fund. The available cash in the accounts of closed peacekeeping operations should as a priority be distributed to Member States, in accordance with the Financial Regulations and Rules.

12. **Mr. Bond** (United States of America) noted that his delegation had for some years called for a review of the peacekeeping support function at Headquarters. Peacekeeping operations cut across departmental lines; indeed, the support account funded not only posts in the Department of Peacekeeping Operations but also activities in the Executive Office of the Secretary-General, the Department of Management, the Office of Internal Oversight Services and the Office of Legal Affairs. He recalled that in 1998 his delegation, along with other like-minded delegations, had spent a considerable amount of time discussing such a review with senior Secretariat officials, and regretted that the Secretariat had not examined the relationships between departments, appraised the procedures needed to complete tasks efficiently, or related structures and staffing to the essential function of peacekeeping support at Headquarters.

13. Once again, Member States had been presented with a support account that glossed over important functions and did not address the fundamental problems of overlap and duplication. His delegation was not convinced by the analysis in the report of the Secretary-General (A/53/854/Add.1) that there was no overlap between the functions of the Department of Peacekeeping Operations and the Department of Political Affairs and continued to believe that, while the functions of the two departments were indeed different, their desk officers performed duplicative functions, especially in the areas of day-to-day information and fact-finding. Such an analysis, which seemed to have been written with a predetermined outcome in mind, served the interests of neither the Secretariat, nor Member States, nor the peacekeeping function.

14. He welcomed the recommendation in the report of the Secretary-General that some posts should be redeployed from the Department of Management to the Department of Peacekeeping Operations. However, his delegation was not impressed by the portion of the report dealing with the Field Administration and Logistics Division, which failed to justify or break down by section almost 200 posts. Further clarification was needed.

15. His delegation had noted the establishment of the Military and Civilian Police Division within the context of the restructuring of the Department of Peacekeeping Operations and would observe the Division closely to ensure that it was fully integrated into the functioning of the Department. His delegation's expectations of increased responsiveness from the Situation Centre had also been heightened by the Centre's transfer to the Office of Operations.

16. He noted from the report that the Department of Peacekeeping Operations also provided administrative and logistical planning and support to a variety of missions other than peacekeeping operations. He requested an explanation of the modalities of such planning and of the arrangements made for reimbursement where appropriate.

17. His Government welcomed the fact that both the Secretariat and the Advisory Committee commended the concept of the Rapidly Deployable Mission Headquarters, but believed that the related staffing requirements could be met through redeployment of Secretariat posts, as recommended by the Advisory Committee. However, he agreed strongly with the position of the European Union to

the effect that redeployment should not be at the expense of the active-duty military and civilian police expertise currently available within the Secretariat.

18. **Mr. Sial** (Pakistan) said that the Advisory Committee's recommendation that the General Assembly should reconsider the level of the Peacekeeping Reserve Fund needed careful study: the rationale given for reconsidering the level of the Fund was the decrease in the level of peacekeeping operations, but the Fund had been set at $150 million when peacekeeping expenditure had been about $1 billion and had not changed even when that expenditure had exceeded $3 billion.

19. In connection with the recommendation of the Board of Auditors on the generic fair market value of major equipment, he agreed with the Phase IV Working Group that the review of reimbursement should be conducted by the Phase V Working Group alone, in keeping with General Assembly resolution 49/233 A.

20. He asked what action had been taken by the Secretariat in connection with the recommendation of the Phase IV Working Group on the review of the Contingent-owned Equipment Manual, which was to be completed no later than mid-1999, and pointed out that the recommendation had been accepted by the Secretary-General.

21. He requested clarification of the Advisory Committee's recommendation that the United Nations should supplement its in-house expertise in the review of the generic fair market value of contingent-owned equipment: his delegation had confidence in the expertise available in the Department of Peacekeeping Operations. He stressed that the review should be conducted in consultation with Member States.

22. In connection with the Board's recommendation that the Administration should review the retroactive application of the new methodology for reimbursement in respect of contingent-owned equipment with a view to limiting the additional cost, he said that the Board should set out its understanding of how the new system was to be implemented and give its rationale for believing that additional costs would be incurred by applying the new system retroactively. In that regard, the Secretary-General had indicated both that no definitive comparison of the old and the new systems was available and that concurrent savings had been realized under the new system. The Advisory Committee had stated that it saw no merit in conducting such a review.

23. General Assembly resolution 51/218 E allowed for retroactive application of the new system in the case of missions activated prior to 1 July 1996, although the Advisory Committee had expressed concern about retroactive application to missions whose mandates had terminated before July 1996. His delegation was of the view that resolution 51/218 E should be read in conjunction with resolution 50/222, in which the General Assembly had approved the recommendations contained in paragraph 51 of the report of the Phase III Working Group (A/C.5/49/70) and paragraph 20 of the report of the Advisory Committee (A/50/887). Paragraphs 7 and 8 of General Assembly resolution 52/240 were also pertinent. Accordingly, he requested clarification of paragraph 17 of the report of the Secretary-General (A/53/932).

24. He also requested clarification of the Advisory Committee's statement that the Phase IV Working Group had also recommended a review of the retroactive application of the new reimbursement methodology, since the Phase IV Working Group had actually recommended that no change should be made to the current practice and that the Secretariat should prepare a detailed report on the financial implications of retroactive application. Those recommendations had been endorsed by the General Assembly in its resolution 53/58 on the recommendation of the Special Committee on Peacekeeping Operations. In that connection, he noted that, in its resolution 2249 (S-V), the General Assembly had mandated the Special Committee to review the whole question of peacekeeping operations in all its aspects, including methods of financing future peacekeeping operations: that mandate was still in force and should be respected.

25. His delegation noted with concern the Board's findings on procurement case files. It noted also that the relevant instructions to rectify the situation would be issued by 31 December 1999. He asked what the reasons were for the non-availability of certain case files and why such a long time was required to implement the Board's recommendation in paragraph 85 of its report.

26. The report of the Secretary-General on implementation of the Board's recommendations (A/53/932) did not comply fully with the requirement under General Assembly resolution 52/212 B to specify the title or position of the official who should be accountable for implementation of the recommendations. He requested clarification on that point, and enquired what action had been taken pursuant to the Board's suggestion that a special committee should be established to oversee implementation of its recommendations.

27. His delegation was bemused by paragraph 7 of the report of the Advisory Committee (A/53/895/Add.3). The paragraph mentioned negotiating the status of contingent-

owned equipment with the contributing countries, but such equipment belonged in fact to the country which had contributed it and it was that country's prerogative to determine its utility and serviceability. Any discussion on that issue should in any case be left to the Phase V Working Group.

28. The next paragraph of that report raised an important issue: it was apparent that the United Nations had no single policy for rotation of contingents. He recommended that that issue also should be addressed by the Phase V Working Group.

29. **Ms. Dinić** (Croatia) noted that her country had hosted five United Nations peacekeeping operations on its territory since 1992. Those missions had met with varying degrees of success in achieving the objectives set in their mandates. The factors underlying the success of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) in particular had been a clear and realistic mandate, close cooperation and consultation between the United Nations and the host country on all the issues involved and the generous support of troop-contributing countries. That both the military and the civilian aspects were achieved within the set timetable bore witness to the Mission's leadership and close collaboration with the Government. The challenge of reintegrating territory that had been subjected to a deliberate process of detachment in terms of administration and infrastructure had been a serious one.

30. On the financial aspect of UNTAES, she noted that according to the report of the Secretary-General (A/53/742) there was an unencumbered balance of $15,247,300 gross for the period 1 July 1997 to 30 June 1998, representing a saving of 11 per cent of the amount appropriated for the period. In its report (A/53/897), the Advisory Committee had commended the management actions taken to effect savings and had stated that the efficiency of the operation was reflected in the number of items transferred to other missions and to the United Nations Logistics Base at Brindisi, which had accounted for 67 per cent of the total inventory value of the assets. The lessons learned from UNTAES would help make future missions more effective and efficient.

31. She expressed her delegation's gratitude to all those who had participated in peacekeeping missions in Croatia, and especially to those who had paid the ultimate price for helping restore peace and security in Croatia.

32. **Mr. Takahara** (Japan) said that there were a number of major trends in respect of peacekeeping operations which had obliged the Organization to promote coordination between peacekeeping and other assistance activities, enhance its rapid deployment capability, arrange for regional organizations to become more actively involved, take steps to ensure the safety of its personnel and disseminate information more widely to Member States. It had now become essential for the effects of those changes to be analysed in the context of a review of the structure and functions of the relevant departments and for that review to lead to proposals to ensure that administrative support for peacekeeping was effective and efficient.

33. The report of the Secretary-General (A/53/854/Add.1) on the support account for peacekeeping operations pointed out that the current period was a transitional one characterized by the phasing out of all gratis personnel as required by the General Assembly in its resolution 51/243. His delegation was of the view that the structural and functional effectiveness and efficiency of the proposed changes would need careful monitoring and should be reviewed at a later stage: it would be impossible to know what capacity was needed at Headquarters to support peacekeeping operations until the Department of Peacekeeping Operations had adjusted to the phasing out of its gratis personnel. The level of resources requested in the proposed budget should be viewed in that context.

34. Turning to the budget for the support account, he welcomed the phasing out of gratis personnel in the Military and Civilian Police Division and stressed the importance of minimizing the loss of expertise and of concentrating military personnel in such a way as to enhance coordination between military and civilian personnel within the United Nations system. He requested further information on the functions to be performed by the Civilian Police Unit and the Training Unit of the Rapidly Deployable Mission Headquarters, on the issue of fragmentation in the Field Administration and Logistics Division (FALD), and on any extrabudgetary posts in the Office of Logistics, Management and Mine Action. He urged further consideration of the relationship between the Department of Peacekeeping Operations and the Department of Political Affairs. Finally, he expressed his delegation's support for the Advisory Committee's recommended adoption of an 8 per cent vacancy factor for Professional posts and of 0 per cent for General Service posts.

35. **Mr. Park Hae-yun** (Republic of Korea) said that his delegation welcomed the improved format of the performance report (A/53/776) on the United Nations Logistics Base at Brindisi. He noted with satisfaction that the Base had completed the clearance of the backlog on time and within budget. The effective and comprehensive asset receiving and inspection procedures recently instituted would make it possible to avoid future backlog. He urged

the speedy implementation of asset inventory management procedures, as well as the inclusion in performance reports and proposed budgets of miscellaneous income derived from the recovery of excess costs incurred by the Base for logistics support in the form of supplies and equipment provided to specialized agencies, funds and programmes.

36. **Mr. Repasch** (United States of America) said that while his delegation was pleased that the oversight of peacekeeping mission management was working well, it was disappointed to learn of additional instances of non-compliance, mismanagement, waste and a general lack of common sense. It was true that many peacekeeping missions operated under difficult field conditions, but they should nevertheless be required to adhere to the Organization's rules. His delegation insisted that managers in the Secretariat and in the field should take the auditors' findings seriously, that they should implement the recommendations, and that they should hold their staff accountable for mismanagement, fraud, waste and abuse.

37. He requested clarification of how $60.3 million in claims submitted by troop-contributing countries had failed to be recorded and why the auditors had not qualified the accounts, and of the form and expected date of submission by the Office of Programme Planning, Budget and Accounts of a proposal to the General Assembly on funding requirements for non-recorded claims. He asked for more information regarding the unsatisfactory performance of a support-services contractor in Angola, the quality assurance programme being implemented to prevent such occurrences in future, and the measures being taken to enforce the performance guarantee bond in that particular case. With regard to another contractor whose contract to provide rations had been renewed several times despite repeatedly having failed to meet specified quality and quantity standards, he enquired as to whether the Organization would be able to obtain deductions for the unsatisfactory performance. He also asked how procurement activity, especially in the areas of logistical support and motor vehicles, could increase even as the number and level of peacekeeping missions had been substantially reduced. Finally, he asked for the views of the Advisory Committee on what constituted an appropriate level for the Peacekeeping Reserve Fund and on the factors to be taken into account in the review of that fund by the General Assembly.

38. **Mr. Hadidi** (Jordan) said that his delegation supported the views expressed by the representative of Pakistan, and urged that the recommendations of the Phase II, III and IV Working Groups on Reimbursement of Contingent-owned Equipment, as well as those of the Special Committee on Peacekeeping Operations, should be respected.

39. **Mr. Moktefi** (Algeria) said that his delegation endorsed the recommendations of the Board of Auditors, in particular those concerning reimbursement for contingent-owned equipment. In the light of the concerns raised by the Board of Auditors in their recommendations in paragraphs 10 (d) and (j), he requested clarification of the Secretariat's views on those recommendations as expressed in paragraphs 11, 17 and 18 of the Secretary-General's report on their implementation (A/53/932).

40. **Mr. Halbwachs** (Controller), responding to questions, said that the bulk of the increase in procurement for peacekeeping operations was for vehicles and spare parts to replace those initially purchased for the United Nations Transitional Authority in Cambodia (UNTAC) and the United Nations Protection Force (UNPROFOR) and then transferred to other missions. The expenditures were non-recurrent.

41. With regard to fragmentation of the Field Administration and Logistics Division (FALD) and Logistics and Communications Service (LCS), he said that the Office of Internal Oversight Services (OIOS) had previously found the actions taken by the Division to consolidate its organizational structure to be consistent with the recommendations made. That consolidation had been carried out with due regard for continued efficiency, service provision and flexible work distribution. The new structure coincided with specific tasks requiring specialized knowledge and separate processing. The resulting reduced number of administrative units nevertheless retained the full spectrum of support functions and responsibilities assigned to the Division.

42. In response to queries regarding procurement irregularities involving the United Nations Observer Mission in Angola (MONUA), he said that extensive discussions between the parties concerned and the Secretariat were proceeding, and that the Secretary-General would provide the requested report to the General Assembly at its fifty-fourth session. Nevertheless, the disciplinary procedures outlined in ST/AI/371 of August 1991 were in place.

43. He agreed with the Advisory Committee on the need for improved accounting and reporting procedures for support services, and said that those improvements would be addressed in the budget instructions being prepared for the period from 1 July 2000 to 30 June 2001. The improvements would be designed to consistently indicate services provided to other entities, reimbursements received

and how such reimbursements were reported by the peacekeeping missions concerned.

44. He denied that there had been any additional delegation of authority in the management of contingent-owned equipment and United Nations-owned equipment management; it was simply that the threshold levels granted to local property survey boards had been reviewed and adjusted. With respect to the process of liquidating field missions, guidelines for that process had been provided to the Committee in 1997 and were now being updated to take account of experience gained in connection with the liquidation of the United Nations Transitional Administration in Eastern Slavonia, Baranja and Western Sirmium (UNTAES).

45. In response to a query regarding the definition of gross carelessness and the threshold for gross negligence, he agreed that there was a need for a clearer definition of gross carelessness as used in connection with losses attributable to negligence. His office would be collaborating with the Office of Legal Affairs on refining that definition, and would reflect it in a subsequent report on disposition of assets. Finally, in response to a query regarding recovery of mission subsistence allowance overpayment in the United Nations Iraq-Kuwait Observation Mission (UNIKOM), he said that the issue was entering the final round of internal review and that a report would be issued shortly.

46. **Mr. Adza** (Chairman of the Audit Operations Committee) said that the Board of Auditors welcomed the positive comments of the Advisory Committee on its report, and had taken note of that Committee's request that the report on peace-keeping operations should be submitted by the beginning of February. However, meeting that deadline was largely dependent on the timely submission of the financial statements and the responses to the Board's draft reports by the Administration.

47. The Board had noted the Advisory Committee's request that the Board should examine the reasons for the backlog in processing inter-office vouchers and the increase in procurement for peacekeeping operations, and would consider the request for further details in its examination of procurement. It agreed with the Advisory Committee that the circumstances leading to serious weaknesses in contract management at MONUA identified by the Board should be examined by the Secretariat and that the lessons learned should be applied to other peacekeeping missions.

48. The Board was grateful for the support of its recommendation concerning the periodic review of unliquidated obligations, and had noted the comments by members of the Committee concerning the need for regular monitoring of unliquidated obligations. The Board would also monitor and evaluate the authority delegated to peacekeeping missions for the disposal of assets, and would identify in its next report areas where the streamlining of procedures would lead to greater efficiency.

49. High monthly reimbursement rates under the new system for determining reimbursement of contingent-owned equipment were contributing to the increase in spending on such equipment. The Board was attempting to determine the extent to which the new system was resulting in savings in administrative costs, an issue which the Board suggested the Secretariat should examine closely as well.

50. With regard to the issue of unrecorded claims for reimbursement from troop-contributing countries, he noted that such claims fell into a number of categories: claims from troop-contributing countries which had not yet signed memoranda of understanding with the United Nations and whose claims could not be recorded as a consequence; claims received and assessed as valid by the Secretariat but for which the troop-contributing country concerned had yet to sign a memorandum of understanding; and other claims whose validity had yet to be accepted by the Secretariat. The Board had so far been unable to determine the full value of all unrecorded claims, but was working with the Secretariat to examine the issue and hoped to present further information in that regard in its next report.

The meeting rose at 11.20 a.m.